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FM AMEMBASSY AMMAN
TO RUEHC/SECSTATE WASHDC 2874
INFO RUEHLB/AMEMBASSY BEIRUT 2866
RUEHEG/AMEMBASSY CAIRO 3692
RUEHBY/AMEMBASSY CANBERRA 0109
RUEHDM/AMEMBASSY DAMASCUS 3906
RUEHPE/AMEMBASSY LIMA 0035
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RUEHOT/AMEMBASSY OTTAWA 0237
RUEHRB/AMEMBASSY RABAT 0414
RUEHSG/AMEMBASSY SANTIAGO 0019
RUEHGP/AMEMBASSY SINGAPORE 0052
RUEHTV/AMEMBASSY TEL AVIV 1219
RUEHJM/AMCONSUL JERUSALEM 5057
RUEHEE/GCC COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHDC
RUEAHL/HOMELAND SECURITY CENTER WASHDC

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SENSITIVE
SIPDIS

STATE FOR EEB AND NEA/ELA

STATE PLEASE PASS USAID
STATE PLEASE PASS TO USTR
DHS PLEASE PASS TO CUSTOMS BORDER PROTECTION

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SUBJECT: Workshop Provides "How To" Advice on Maximizing the
U.S.-Jordan Free Trade Agreement

Ref: A) Amman 813

11. (SBU) Summary: The U.S. Foreign Commercial Service (FCS), in coordination with the USAID-funded Jordanian Business Development Center, held a practical workshop June 3-4 for importers and exporters on how to maximize the U.S.-Jordan Free Trade Agreement (FTA). Approximately 120 participants from the public and private sectors attended, including over 80 companies, many of which were small and medium sized enterprises (SMEs). A U.S. Commerce expert also gave a separate presentation on rules of origin and harmonized tariff codes to Jordanian Customs officials, which highlighted some of the differences between the U.S. and Jordan Customs services. In particular, Jordan Customs tends to examine goods on a shipment-by-shipment basis, rather than looking at the importers' record in totality, and views shipments under the FTA as high risk for duty evasion that require more in-depth inspections. Extensive and positive local press coverage of the event highlighted issues of concern to the business community. End Summary.

FTA Workshop Gives Practical Guidance

12. (U) The private sector in Jordan has often expressed the need for more practical training on importing from and exporting to the U.S. (ref A). In response to such requests, FCS brought together U.S. and Jordanian trade and customs experts to deliver a workshop on "How to Maximize the U.S.-Jordan Free Trade Agreement." In keynote speeches, the Ambassador and Minister of Industry and Trade Amer Hadidi highlighted the need for Jordanian companies to diversify exports and to increase consumer and manufacturer choice through more imports of high quality American goods. The Vice Chairman of Hikma Pharmaceuticals also shared his company's best practices in exporting to the U.S., including the need to invest in order to make money and deliver promised goods on time.

13. (U) U.S. experts included an International Trade Specialist from the U.S. Export Assistance Center of the Commerce Department, who reviewed the FTA rules of origin and ways to determine harmonized tariff codes. The Director of the North Texas International Trade

Center Small Business Development Center advised Jordanian companies on how to become export-ready and conduct business with the U.S., highlighting the need and available tools for in-depth research in order to better understand the U.S. market. S/he also reviewed the regulatory environment, and culture. The Chief of the Trade Operations Entry Branch III at U.S. Customs and Border Protection (CBP) in Newark also provided practical information for the processes and types of documents required by CBP when exporting goods to the U.S. under the FTA.

Cumbersome Jordan Customs Procedures

¶4. (SBU) During a presentation by a representative from the Jordan Customs Department (JCD), many of the private sector participants who import U.S. goods expressed frustration with the JCD procedures.

Complaints included JCD doing more in-depth inspections for each FTA shipment, rather than looking at the track record for the importer. JCD acknowledged that over 50% of shipments under the FTA, or any of Jordan's other free trade agreements, would be sent to the "red" lane for extensive document and physical inspections, while the other 50% would go to the "green" or "yellow" lanes. JCD explained that there is greater risk that some importers might try to evade duties by claiming FTA preferential treatment for non-originating goods that are co-mingled with U.S. origin goods, which is seen frequently in shipments coming into Jordan.

¶5. (SBU) In a separate session with the U.S. Commerce and CBP experts, JCD officials also expressed frustration that the FTA did not require a certificate of origin, unlike the Jordan-EU

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Association Agreement, which made it more difficult for JCD to confirm country of origin. While CBP is moving towards a paperless system, JCD hoped that companies would provide better, hard-copy documentation, further suggesting that perhaps Chambers of Commerce in the U.S. could certify origin of goods. JCD also confirmed that, in contrast to CBP which focuses on the totality of an importer's record, Jordan Customs functions on an entry-by-entry basis. By approaching each entry as a unique event with no relation to other entries or the account as a whole, there is little context for the issues that arise. Also, because there does not appear to be significant dialogue with the company, customs officials in the clearance houses are sometimes unaware of the "normal business practices" used by multi-nationals, such as warehousing spare parts in bonded facilities in third countries.

Positive Media Coverage

¶6. (U) Local broadcast, print, and online media outlets carried positive, substantive coverage of the workshop. The coverage and reporting were dominated by issues of concern to business professionals. Given that much of the media discussion to date has been focused on issues of concern to government officials, this change is a positive one, and may mark a transition in the public understanding of our economic ties.

Comment

¶7. (SBU) Based on the positive feedback received from participants, the workshop was a success in providing practical information and opening up new networks for companies interested in exporting from or importing to the U.S. For example, after participating in the workshop, the head of the Jordanian furniture association is now working with FCS to send its members on an International Buyers' Program in the U.S. Post is considering replicating the seminar in other parts of the country. The event also highlighted how Jordan and U.S. Customs approach the import process differently. Although Jordan Customs has stated that revenue is not a primary concern, it behaves as a revenue-collecting rather enforcement entity. The incentive structure also gives bonuses to customs officers who catch violations, encouraging a high volume of inspections and requests for documents that do not always seem relevant. The inspection regime and documentation requirements have often slowed the entry of

U.S. goods and at times, placed Jordan at odds with requirements under the FTA. Post aims to work with Jordan Customs to effect a needed change in philosophy so that customs procedures enforce the law while providing minimal disruption to trade.

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